

Message Text

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ORIGIN EB-11

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EUR/ EE - MR. BAKER

EUR - MR. STOESSEL

S/ S- MR. BARNES

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R 160221 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

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E. O. 11652: N/ A

TAGS: ETRN, YO

SUBJECT: CIVAIR - JAT CHARTERS

FOR AMBASSADOR FROM CASEY AND STOESSEL

REF: (A) BELGRADE 919; (B) STATE 40245

1. YOUR 919 AND STATE 40245 CROSSED. DESPITE APPRECIATION OF VICE PREMIER' S STANCE, POSITION EXPRESSED PARA 1. F. REFTEL B STILL VALID AND WE HOPE APPROPRIATE GOY OFFICIALS WILL BE APPRISED OF IT.

2. CONCERNING MORE GENERAL ISSUE OF JAT CHARTER PROGRAM, THE U. S. CONTINUES TO BE WILLING RESUME NEGOTIATIONS AND WE BELIEVE WE HAVE SHOWN CONSIDERABLE FLEXIBILITY IN OUR APPROACH TO THE MATTER (GIVEN THE FACT THAT THERE IS NO WAY WE CAN COME CLOSE TO MEETING JAT DEMAND FOR FREEDOM OPERATE
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300 OR MORE CHARTERS IN 1973). SEVERAL IDEAS WERE PUT FORWARD DURING LONG REVIEW OF MATTER HERE WITH POPOVIC AND YUGOSLAV EMBASSY OFFICIALS, AND SOMETHING CAN CERTAINLY BE WORKED OUT-- FOR THIS SUMMER AS AN INTERIM MEASURE OR, PREFERABLY, FOR THE LONGER TERM-- IF THE YUGOSLAVS WILL GIVE SOME INDICATION THAT THEY ARE PREPARED TO NEGOTIATE IN THE FRAMEWORK OF A REALISTIC PROGRAM; I. E., ONE WHICH WOULD BE CONSIDERABLY MORE MODEST THAN 300 FLIGHTS. IN ORDER TO AVOID THE MUTUALLY PAINFUL EXPERIENCE OF ANOTHER ABORTIVE

ROUND OF TALKS, IT WOULD BE USEFUL TO PURSUE THE POPOVIC DISCUSSIONS THROUGH INFORMAL CHANNELS HERE OR IN BELGRADE UNTIL THERE IS EVIDENCE THAT THE FINAL GAP IS BRIDGEABLE.

3. CONCERNING YOUR QUESTION WHETHER THE SO- CALLED " UPLIFT RATIO" IS APPROPRIATE IN RELATION TO YUGOSLAVIA, THIS IS, FOR THE TIME BEING AT LEAST, A SOLID CORNERSTONE OF OUR CHARTER POLICY. (ITS GENESIS IS IN THE DESIRE TO MINIMIZE ADVERSE BALANCE OF PAYMENTS EFFECTS AS WELL AS TO ENCOURAGE FOREIGN ORIGIN CHARTERS.) IT IS NOT CLEAR, ON THE OTHER HAND, THAT THE YUGOSLAVS APPRECIATE THAT OUR OFFER TO IMPROVE THE RATIO TO 3:2, WITH SOME CITIES FREE OF ALL SUCH RESTRICTIONS, REPRESENTS A CONCESSION THAT HAS NOT RPT NOT BEEN OFFERED TO ANY OTHER COUNTRY.

4. ON THE QUESTION OF AIRCRAFT SALES, WE TAKE NOTE OF THE RELATIONSHIP BETWEEN AIRCRAFT SALES AND THE U. S. MARKET, BUT WOULD POINT OUT THAT YUGOSLAVIA HAS OTHER IMPORTANT MARKETS IN WHICH SUCH AIRCRAFT CAN BE UTILIZED. HOWEVER, WE CANNOT ACCEPT THAT AIRCRAFT SALES IS AN APPROPRIATE CONSIDERATION IN GRANTING LANDING RIGHTS. TO INJECT THIS FACTOR INTO OUR NEGOTIATIONS OVER SCHEDULED OR CHARTER RIGHTS WOULD MAKE IT IMPOSSIBLE TO OBTAIN ANY KIND OF " FAIR SHARE" OF THE AIR TRAFFIC FOR THE U. S. AIRLINES. COMPLICATING THE SITUATION IS THE FACT THAT WE HAVE BEGUN TO TRY TO INJECT INTO SUCH NEGOTIATIONS THE DIRECTLY RELEVANT BALANCE OF PAYMENTS CONSIDERATIONS INHERENT IN THE FACT THAT THE VAST MAJORITY OF THE AIR TRAFFIC LEAVING OR ENTERING THE UNITED STATES CONSISTS OF AMERICAN CITIZENS, CITIZENS WHOSE AIR FARE EXPENDITURES ON FOREIGN AIRLINES PRODUCE A LARGE BALANCE OF PAYMENTS DEFICIT.

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5. TO CLOSE, WE WOULD REITERATE THAT THE U. S. IS SINCERELY

READY TO CONTINUE THE DIALOGUE WITH THE YUGOSLAVS AND THAT WE ARE READY TO DO ANYTHING WITHIN THE REALM OF THE POSSIBLE TO RESOLVE THIS THORNY ISSUE. PERHAPS POPOVIC SHOULD BE REMINDED OF HIS DISCUSSION HERE AND IT BE SUGGESTED THAT HE LET US KNOW-- THROUGH YOU OR THE YUGOSLAV EMBASSY HERE-- THE RESULTS OF HIS REVIEW OF THE MATTER.

6. PRECEDING WAS PREPARED PRIOR RECEIPT BELGRADE 1024. POINTS WE HAVE MADE REMAIN RELEVANT. WE WILL, OF COURSE, HEAR OUT YUGOSLAVS ON NEW PROPOSAL AND SHARE YOUR HOPE THAT SOMETHING CAN BE WORKED OUT. ROGERS

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